

TOP 5 QUESTIONS & ANSWERS ABOUT THE PAYROLL TAX

Who would pay the payroll tax?

-The tax would be applied against earned income or net self-employment income from all businesses measured by the payroll or net self employment income from unincorporated businesses. For example, Memphis residents would not pay the tax on pension or Social Security checks, because that income is not earned. A resident who works outside Memphis would not have to pay the tax because the city proposes to tax only the privilege of engaging in employment related activities within the city.

How would the tax affect the City of Memphis property tax?

-If the tax is enacted, the City Council would be required reduce the property tax paid by property owners within the City of Memphis. Property owners currently pay \$ per \$100 of assessed value. The property tax would be reduced to a lower level, approximately 30 cents per \$100 of assessed value.

How much money would a Memphis payroll tax raise?

-A very rough estimate would suggest that Memphis could collect \$150 million - \$180 million annually with a 1% tax, and between \$225 million and \$270 million with a 1.5% tax. This is based on a gross annual wage and salary disbursement in Memphis of \$17 billion.

How would the money raised be spent?

-The referendum requires that the money be spent on Fire and Police budgetary items in the general fund, reducing our reliance on other sources of revenue, such as the property tax. This would insure a direct funding source for Fire and Police, which is spread among a larger tax base that actually benefits from those services.

What other cities are models for Memphis in its effort to craft a local payroll tax?

-More than 4,000 other local jurisdictions have some form of local income tax, including Philadelphia, St. Louis, San Francisco, Detroit and Birmingham.